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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, JANUARY 13, 1999

STEPHEN M. TURNER, et al.

v.

CASE NO. PUE990002

AUBON WATER COMPANY

PRELIMINARY ORDER

By notice dated November 4, 1998, Aubon Water Company ("Aubon" or "the Company") notified its customers and the Commission's Division of Energy Regulation pursuant to the Small Water or Public Utility Act (Va. Code § 56-265.13:1, et seq.) of its intent to increase its water rates effective for service rendered on and after January 16, 1999. As of December 30, 1998, the Commission's Division of Energy Regulation has received from the Company's affected customers ten (10) letters in opposition to the proposed rate increase, eighteen (18) individually signed letters, and three (3) petitions signed by sixty-five (65) customers, all opposing the rate increase and requesting a hearing.

The Commission takes judicial notice of the Order of Settlement issued December 16, 1998, in Case No. PUE980628 wherein Aubon Water Company is required to take certain remedial actions by installing water treatment facilities to serve its Long Island Estates customers. We noted in our Order of

Settlement at page two that the Company's proposed rate increase filed November 6, 1998, reflects sixty thousand dollars (\$60,000) to treat the water at the Long Island location and to cover additional expenses for wages and supplies to operate this new facility.

NOW THE COMMISSION, having considered the above-docketed matter, is of the opinion that a hearing should be scheduled pursuant to Va. Code § 56-265.13:6. The procedural order establishing, among other things, the date of the hearing will be by separate order of the Commission.

Pursuant to Va. Code § 56-265.13:6, we will suspend the Company's proposed rates through March 8, 1999. Thereafter, such rates will be declared interim and subject to refund, with interest, effective March 9, 1999. In addition, the Company should file certain financial information based on its proposed test year on or before January 22, 1999.

Accordingly, IT IS ORDERED THAT:

(1) This matter shall be docketed and assigned Case No. PUE990002.

(2) The proposed increase in the Company's rates are suspended through March 8, 1999.

(3) Following the suspension of the proposed rates, the proposed increase in the Company's rates shall be interim and

subject to refund, with interest, effective for service rendered on or after March 9, 1999.

(4) The Company shall file with the Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, on or before January 22, 1999, certain financial data based on the Company's proposed test year. Such information shall include, at a minimum, an income statement, balance sheet, statement of cash flows, the Company's most recent tax return, and a rate of return statement, with workpapers, supporting all proposed adjustments, to book amounts, which support the Company's proposed increase as required by § 8 of the Commission's Rules Implementing the Small Water or Sewer Public Utility Act.

(5) This matter shall be continued subject to further order of the Commission.